

A Meeting of the Board of Directors of the Suffolk Regional Off-Track Betting Corporation was held on March 27, 2014 at 10 A.M. at Corporate Headquarters, 5 Davids Drive, Hauppauge, New York.

The following persons were present:

Dominick P. Feeney	Chairman
Herbert Hemendinger	Vice Chairman
Eddie S. Wynn	Secretary
Philip C. Nolan	President
Anthony Pancella III	Vice President
James McManmon	General Counsel
Celine Gazes	Comptroller
Kevin Snover	Counsel to the Board of Directors
Paulette L. Moses	Corresponding Secretary to the Board

Also Present:

Victor Salamone	Chief of Staff
Lorraine Pappas	Deputy Chief of Staff
Debbie Pfeiffer	Director of Public and Government Affairs
Kim Edelstein	Director of Wagering Operations and Customer Service
John Luquer	Executive Director Corporate Facilities
Thomas Kilmartin	Budget Director

The Meeting was called to order by Chairman Feeney at 10:00 A.M.

ITEM #1 APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS
MEETING March 6, 2014

Chairman Feeney stated that the first item on the Agenda was to approve the Minutes of the Board of Directors' Meeting of March 6, 2014 whereupon a motion that those minutes be approved was made by Vice Chairman Hemendinger, seconded by Secretary Wynn and carried unanimously.

ITEM #2 FEBRUARY HANDLE REPORT

Comptroller Gazes reported the analysis of the February 2014 Handle Report of the month of February was down \$ 702,592 or 9.1% from February 2013. Year to date basis Handle January 1st through February 28th was down \$ 1,649,382 or 10.0% from the same period in 2013. The projection of February's actual handle was up compared to our projected handle as submitted to C by \$ 13,191 or .2% for the month ending. The January 1st through February 28th actual handle was down compared to our projected handle as submitted to New York State Gaming Commission by \$934,140 or 5.9% for the year to date period.

The total number of Qwik Bet (Franchise) Operations on February 28th is 28. One additional Qwik Bet location opened in the Month February, Farrell's on February 18, 2014. As of this report two additional Qwik Bet locations have opened in March, Molloy's Irish Bar, March 3, 2014 and Savino's, March 10, 2014. Qwik Bet handle was down \$ 47,390 or 6.6% for the month in spite of the new locations, primarily due to the loss of \$77,856 or -100% at Jon Thomas Inne as a result of a fire related closure on December 14, 2013 and a decrease of \$ 98,887 or 70.7 % at Jimmy's Pub as a result of the death of one large bettor (Jim Booth November 2013). Jon Thomas Inne is in the process of rebuilding their location and we anticipate continued wagering in the near future.

Internet wagering continues to climb, up \$1,830 or .3% Account wagering was significantly down \$ 190,396 or 24.8% The Racing Forum's handle was also down \$ 153,876 or 7.4% The six regular branch locations handle were each down a total of \$ 312,760 or 8.8% month to date, with Commack having the largest decrease of \$ 115,189 or -23.9%, the next largest decrease was Sunrise \$ 70,143 or -8.1%. Qwik Bet handle was down \$ 122,245 or -

8.2% for the period, primarily due to the loss of \$200,192 or -100% at Jon Thomas Inne as a result of a fire related closure on December 14, 2013 and a decrease of \$ 248,365 or -76.0 % at Jimmy's Pub as a result of the death of one large bettor. Internet wagering is up \$ 186,037 or 15.2%. Account wagering was significantly down \$ 232,309 or 15.6% The Racing Forum's handle was also down \$ 332,479 or 7.5%.

The six regular branch locations handle were each down a total of \$ 1.150 million or - 14.7% month to date, with Commack having the largest decrease of \$ 309,462 or 29.2%, two additional significant decreases are Sunrise \$ 224,1723 or 12.2% and Shirley \$ 221,176 or 20.3%. This page is a graphical (bar) representation of comparative handle by branch of February 2014 vs. 2013.

Qwik Bet handle increased from 9.2% of total handle for February 2013 to 9.4% for February 2014. Internet wagering increased from 8.0% of total handle for February 2013 to 8.8% for February 2014. Telephone Wagering decreased from 9.9% of total handle for February 2013 to 8.2% for February 2014. Racing Forum handle increased from 27.0% of total handle for February 2013 to 27.5% for February 2014. Regular branch handle increased from 46.0% of total handle for February 2013 to 46.1% for February 2014. Year to date, Qwik Bet handle increased from 9.0% of total handle in 2013 to 9.2% in 2014. Year to date, Internet wagering increased from 7.4% of total handle in 2013 to 9.5% in 2014. Year to date Telephone Wagering decreased from 9.0% of total handle in 2013 to 8.5% in 2014. Year to date Racing Forum increased from 27.0% of total handle in 2013 to 27.8% in 2014. Year to date Regular branch decreased from 47.5% of total handle in 2013 to 45.1% in 2014.

Aqueduct handle was down \$370,884 or 18.6%, with 2 fewer race days, from 14 to 12. This is at least partially due to harsh weather with many snowstorms this year. In-state harness handle was down \$19,142 or 4.5%. Yonkers handle was up \$ 7,379 or 3.3%, with 1 less race day, (18 vs.17) and the average per day handle was \$13,690 in 2014 compared to \$12,519 in 2013; an increase of \$1,170 per day or 9.35%. Monticello's handle was down \$44,598 or 24.6%, with the same number of race days at 15 and the average per day handle was \$9,104 in 2014 compared to \$12,078 in 2013; a reduction of \$2,973.17 per day or 24.6%. Buffalo's February handle was up \$18,077 or 77.0% with 3 additional race days, 14 vs. 11 and the average per day handle was \$ 2,969 in 2014 compared to \$2,136 in 2013 an increase of \$ 833 or 39%. Out of state thoroughbred handle was down \$ 230,940 or 5.1%. The largest decrease \$ 178,250 or 54.1% was at Parx. They had 3 fewer race days, and the daily average decreased \$ 9,359 or 42.6%, from \$21,980 to \$12,621. Most of the others also had decreases, but there were a couple of increases, such as Calder, Gulfstream, Oaklawn, Sam Houston and Turf Paradise. Out of state harness handle was down \$ 81,626 or 9.8%. The decreases reflected an almost across the board reduction as a result of 35 fewer race days. This is at least partially weather related as well, since there were many cancellations due to weather this year.

The five OTB regions all reported decreases for the month of February 2014 vs. 2013. Statewide OTB Handle decreased \$6.1 million or 12.3% for the month, ranging from 7.2% for Capital Region to 20.8% for Western Region. Our decrease of 9.1% was slightly better than the overall statewide decrease. Year to Date handle through February also decreased in every region, from a low of 8.5% for Capital Region to a high of 20.3% for Catskill Region. Statewide year to date OTB handle decreased \$12.8 million or 12.5%. Our year to date decrease of 10.0% was also slightly better than the overall statewide decrease.

As of Wednesday, March 26th handle is slightly up (\$7,170 or 0.1%) from last year. We expect it to be up even more by the end of the month, mainly because Palm Sunday and Easter fell in March last year, so we have 2 additional Sundays this year. Handle for the month of March is also trending ahead of the projections. This is due to our initial assumption of the Sunrise branch closing in March. Sunrise is now projected to close in April 2014.

ITEM #3 PRESIDENT'S REPORT

President Nolan reported to the Board that we are scheduled to appear in Bankruptcy Court on April 9, 2014 to have the Development and Management Services Agreement between Suffolk Regional Off-Track Betting and Delaware North Companies Gaming & Entertainment, Inc. approved. President Nolan stated that both parties are hopeful that the appearance in court will go smoothly without any issues.

The sale of the Sunrise Branch is going forward with one delay due to an approval of an application submitted by the purchaser's attorney to the Town of Islip Planning Board. The hearing date is scheduled for April 3, 2014 and we anticipate that the application will be approved and we will be able to schedule a closing at the end of the month.

President Nolan had good news to report that the Two-Million Dollar Municipality in Bankruptcy (MIB) Loan that we have been working on for over a year has finally gone through with New York Commercial Bank. We have received the term sheet and are currently working diligently to receive the funding as soon as possible. We had an issue in providing

one of the terms required and we were greatly appreciative to Delaware North for coming through on helping us with that issue.

President Nolan explained that we are hopeful that the QWIK Betz locations and the internet continue to generate more revenue. However, the VLT project is the key to our organization's future. Our main focus is on the opening of this facility as quickly as possible, there are many aspects to this and moving parts and we are managing them all. We are reaching out to all of our talented people to concentrate on moving the project forward.

ITEM #4 VICE PRESIDENT'S REPORT

Vice President Pancella stated that we have been integrating all new machines into all our facilities, branch by branch. We finally got Sportech to commit to sending in new machines to us. The machines came from other locations that they lost. Vice President Pancella believes that these will service our customer better and are more efficient than the old STANS. Vice President Pancella and President Nolan along with some headquarters staff went out to our Commack Branch and met with employees for training, question and answer sessions.

Vice President Pancella explained that the internet site is up and running but he is still working on issues with it that need to be resolved. He stated that having the Bay Shore Branch open on Kentucky Derby Day will be very helpful for us. Debbie Pfeiffer is working on posters and banners to promote the Derby Day as well as betting location options after the branch closes.

President Nolan asked that the Board consider going into Executive Session. A motion was made by Vice Chairman Hemendinger that the Board go into Executive Session. The motion was seconded by Secretary Wynn and carried unanimously.

Upon reconvening in Open Session, Counsel McManmon stated that during Executive Session certain personnel and litigation matters were discussed. No motions were made and no votes were taken.

Chairman Feeney noted that the next meeting of the Board of Directors will be held Thursday April 24, 2014 at 10 am.

There being no further business before the Board, a motion was made by Vice-Chairman Hemendinger that the meeting be adjourned. The motion was seconded by Secretary Wynn and carried unanimously.

Eddie S. Wynn, Secretary